

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of)

PUBLIC UTILITIES COMMISSION)

DOCKET NO. 2008-0274

Instituting a Proceeding to Investigate)
Implementing a Decoupling Mechanism)
For Hawaiian Electric Company, Inc.,)
Hawaii Electric Light Company, Inc.)
And Maui Electric Company, Limited.)

PUBLIC UTILITIES
COMMISSION

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FILED

MOTION FOR INTERVENTION OF
HAWAII SOLAR ENERGY ASSOCIATION

AND

CERTIFICATE OF SERVICE

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MOTION TO INTERVENE AND BECOME A PARTY

INTRODUCTION

Pursuant to Hawaii Administrative Rules (HAR) Section 6-61-55, this "Motion To Intervene and Become A Party" before the Public Utilities Commission (PUC) of the State of Hawaii is respectfully submitted by the Hawaii Solar Energy Association (hereafter 'HSEA' or 'the Applicant'), in the matter of the Proceeding to Investigate implementing a decoupling mechanism for Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited (hereafter "the HECO Companies") (Docket No. 2008-0274) opened by the Commission on October 24, 2008.

HSEA is a non-profit professional trade association (an organization) incorporated in the State of Hawaii in 1977 and is granted exemption from federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1986. HSEA's organizational purposes are to promote the utilization and commercialization of renewable energy resources, including solar water heating and solar electricity (PV) in the State of Hawaii, to advance consumer education and understanding of solar energy technologies, and to develop sound trade and technical practices among its member companies. HSEA has more than 40 member companies, 34 of which are Hawaii based, owned and operated, making it the primary organizational representative of the interests of Hawaii's indigenous solar industry.

COMPLIANCE WITH APPLICABLE RULES

Applicant represents and asserts that it meets the requirements for intervention, consistent with the Rules of Practice and Procedure before the Public Utilities Commission (the "PUC Rules"), as contained in Title 6, Chapter 61, Subchapter 4, of the Hawaii Administrative Rules ("HAR"), as follows:

(1) The Nature of the Applicant's Statutory or Other Right to Participate in the Hearing

Hawaii Revised Statutes (HRS) Section 269-13 provides the statutory basis for HSEA's participation in the hearing. HAR Section 6-61-55 provides the regulatory basis for HSEA's participation in the hearing. HSEA has complied with the provisions stated in HAR Section 6-61-55. Several additional rights to participate in the hearing exist.

Over its 30 year history, HSEA has been a participant in numerous Commission proceedings regarding to the operations and business practices of the State's public electrical utilities, including many concerning delivery of renewable energy broadly, as well as others concerning specific DSM or generation issues. Recent examples of this engagement by HSEA include but are not limited to: Docket 2006-0084 (Net Energy Metering), Docket 00-0209 (DSM), and Docket 05-0069 (Energy Efficiency). HSEA also has also recently filed a motion to intervene in the Standards and Specification for Solar Water Heating Systems (2008-02489) and is filing a motion to intervene in the Feed-In Tariff docket (2008-0273). Additionally, HSEA has been a participant and continues to participate in HECO and MECO's Integrated Resources Plan (IRP, Advisory Group member) planning processes. HSEA has participated in the Energy Efficiency Policy Task Force (member) created by the Legislature of the State of Hawaii, the Hawaii Energy Policy Forum coordinated by the University of Hawaii (member), and the Hawaii Clean Energy Initiative (member).

HSEA's articles of incorporation and by-laws support its right to participate in the hearing. HSEA's board of directors has authorized HSEA's participation in the hearing and has appointed Mark Duda or another duly appointed representative to represent HSEA before the PUC in the matter of the Proceeding to Investigate implementing a decoupling mechanism for Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited (Docket No. 2008-0274).

(2) The Nature and Extent of the Applicant's Property, Financial, and Other Interest in the Pending Matter

HSEA member companies design and build the majority of PV systems, both residential and commercial, installed in the State. These activities cover systems installed directly for end-users; systems installed for third party financiers/owner/operators or such systems; systems installed under subcontracting relationships for solar integrators based outside the state; and operations and maintenance contracting on systems installed by non-Hawaii based integrators. These principally grid-tied systems form an ever-growing, and potentially vast share of the HECO Companies' portfolio of renewable generation. The pending order's intent to revise the revenue model for the HECO Companies will have an immediate, substantial and direct impact on the financial and economic interests of HSEA's member companies by changing the incentive structure that governs the utility's interactions with Hawaii's indigenous solar industry and its residential and commercial clients (end-users of solar power and investors in solar systems).

(3) The Effect of the Pending Order as to the Applicant's Interest

The pending order's impact on HSEA's member companies' property, financial and economic interests will be direct and substantial as they go to the heart of the indigenous solar industry's business model. This model is centered on delivering distributed, grid-tied, solar power generating systems that *reduce operating costs for Hawaii's homes and businesses*. The ability to deliver substantial savings on operating costs is central to HSEA member companies' interests and will be substantially affected by decoupling revenues from kWh sales as envisioned in the pending order. Further, the planned engagement of the decoupled utility directly in the business of HSEA's member

companies - development of PV systems, as discussed in the "PV Roofs" section (Section 4, subsection 8, pages 12-13) of the Energy Agreement among the State of Hawaii, Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and the HECO Companies ("The Agreement") - indicates that the practices of the decoupled utility will directly impact the financial and economic interests of the HSEA member companies.

(4) Other Means Available Whereby the Applicant's Interest May Be Protected

HSEA and its member companies have no means other than intervention in this proceeding for protecting their property, financial and economic interest with respect to the subject matter of this proceeding. There is no other forum or context in which the subject matter of this proceeding is pending.

(5) The Extent to Which the Applicant's Interest Will Not Be Represented by Existing Parties

The named parties are HECO, HELCO, MECO, their outside counsel, KIUC and its outside counsel, and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy. None of the named parties has the same interests as Applicant or may fairly represent Applicant, at a minimum because the named parties have operated in opposition to HSEA's member companies in both related preceding dockets and in the marketplace to sell kWh to Hawaii's homeowners and businesses. Additionally and as noted in the preceding section, three of the named parties – HECO, MECO and HELCO – have, in the Agreement, indicated the intention to enter the business in direct competition with existing solar integrators and developers via the 'PV Roofs' program.

The solar industry is the only sector of the renewable energy industry where such direct competition between the utility is envisioned in the Agreement. Under these circumstances, HSEA perceives that named parties to the pending order have interests that, under reasonable assumptions, should be expected to conflict with those of HSEA member companies.

(6) The Extent to Which the Applicant's Participation Can Assist in the Development of a Sound Record

At present, HSEA member companies design and build virtually all residential and small commercial systems, and majority of large commercial systems in the State. In this role, HSEA member companies are in direct, daily contact with the consumers and developers of the majority of solar power produced in the State. HSEA member companies therefore have the expertise, knowledge and experience to assist the Commission in the development of a sound record, by providing facts, fact-based opinions and fact-based conclusions regarding the likely impact of decoupling revenues from sales on this large and growing sector of the State's and the HECO companies' renewable portfolio.

Additionally, HSEA's presumed representative brings significant public policymaking experience and analytical skills to the assessment of the appropriateness and pace of the decoupling process. This experience includes more than eight years at Harvard University's Kennedy School of Government in three positions (Research Analyst, Research Fellow, and Research Affiliate). He also has extensive experience in economic and econometric analysis obtained while receiving MA and PhD degrees in Economics

(NYU) and Economic Geography (Clark University), respectively. Finally, HSEA's proposed representative serves as VP of Finance at Hawaii's largest solar integrator, Suntech Hawaii, as measured by 2008 sales revenue and installed generating capacity. As such, he is personally familiar with the state's indigenous solar industry and its relationship with the state's public electrical utilities.

HSEA brings the experience of intervening in numerous energy related dockets over its three decade history. HSEA is committed to using the accumulated expertise, knowledge, and experience of its members to assist the Commission in the development of a sound record in this proceeding.

(7) The Extent to Which the Applicant's Participation Will Broaden the Issues or Delay the Proceeding

HSEA's participation will not broaden the issues or delay the proceeding.

(8) The Extent to Which the Applicant's Interest in the Proceeding Differs from That of the General Public

Applicant's interest in this proceeding differs substantially from those of the general public in that HSEA member companies have substantial expertise in issues relevant to the pending order that does not reside with the general public. Similarly, HSEA member companies, via the concentration of their economic interests in areas influenced by the relationship with the utility, as driven by the utility's business model, are substantially more exposed to the results of the pending order than the general public.

(9) Whether the Applicant's Position Is in Support of or in Opposition to the Relief Sought

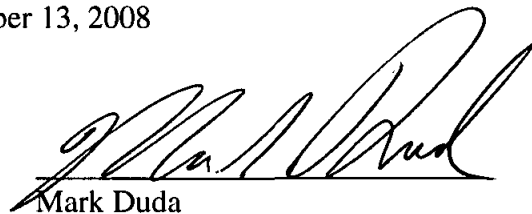
Applicant's position is provisionally in support of implementing a decoupling mechanism for Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited. Applicant notes, however, that there are a range of implementation methods and schemes by which decoupling can be achieved and it would be possible to implement a system that would harm the interests of the state's indigenous solar industry.

* * * *

CONCLUSION

Based on the foregoing, Applicant respectfully requests that the Public Utilities Commission grant its motion to intervene in Docket No. 2008-0274.

DATED: Honolulu, Hawaii, November 13, 2008

A handwritten signature in black ink, appearing to read 'Mark Duda', is written over a horizontal line.

Mark Duda
President
Hawaii Solar Energy Association

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion to Intervene was duly served on each of the following parties via hand delivery or United States Mail, postage prepaid, as set forth below:

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DATED: Honolulu, Hawaii, November 13, 2008.

A handwritten signature in black ink, appearing to read 'Mark Duda', is written over a horizontal line.

Mark Duda

For Hawaii Solar Energy Association